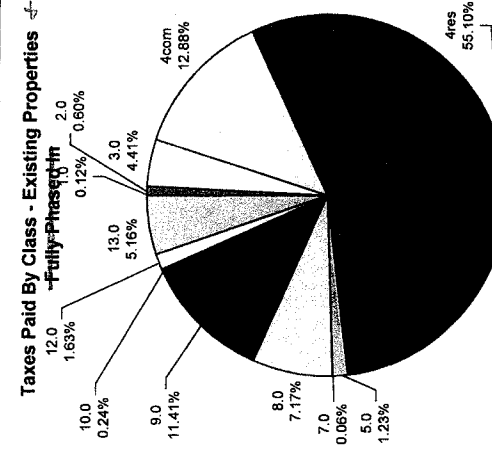
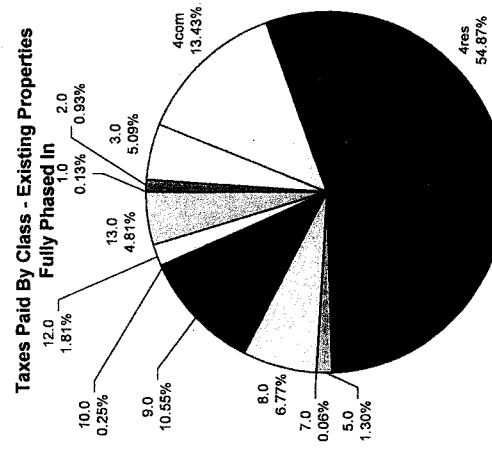
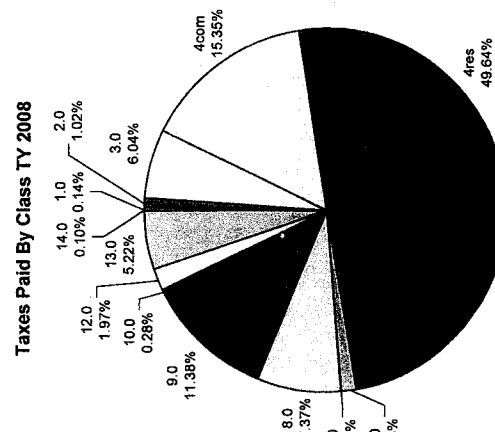


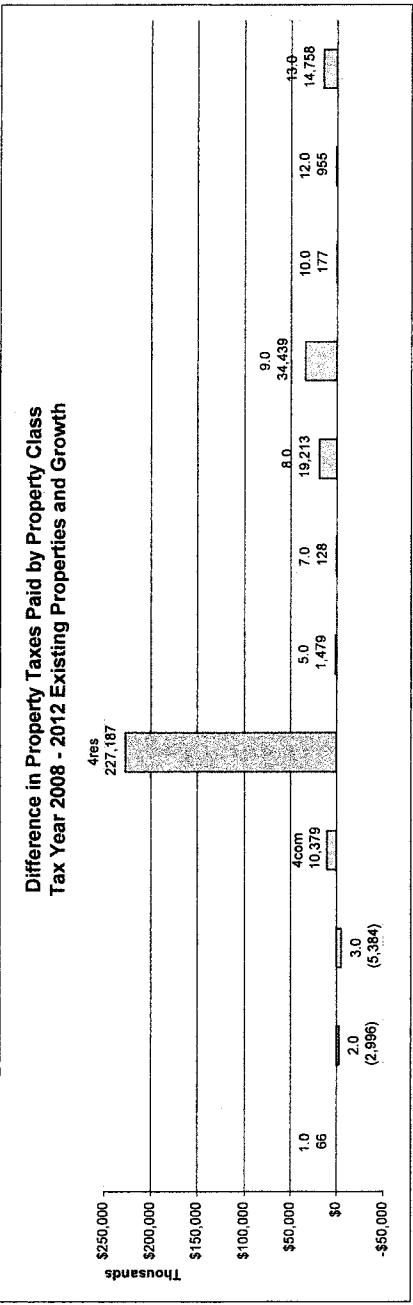
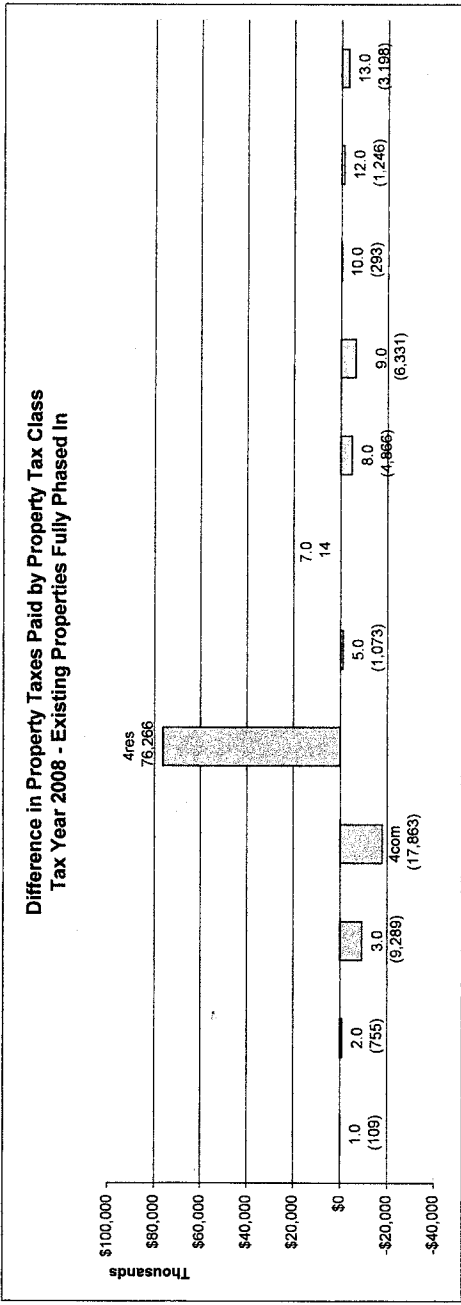
Current Law				
Class 3	Class 4	Class 4	Class 10	Class 4
Agricultural	Residential	Commercial	Forestland	Class 4
Tax Rate	Tax Rate	Tax Rate	Tax Rate	Homestead
3.01%	3.01%	3.01%	0.35%	Homestead
				15.00%
Proposed Mitigation				
Class 3	Class 4	Class 4	Class 10	Class 4
Agricultural	Residential	Commercial	Forestland	Class 4
Tax Rate	Tax Rate	Tax Rate	Tax Rate	Homestead
2.25%	3.00%	3.00%	0.23%	Homestead
				37.50%

TX Class	Description	TY 2008				Fully Phased In - Existing Properties				TY 2012 Existing Properties and Growth*			
		Taxable Value	Taxes Paid			Taxable Value	Taxes Paid	% Change in Taxes Paid	\$ Change in Taxes Paid	Taxable Value	Taxes Paid	% Change in Taxes Paid	\$ Change in Taxes Paid
1.0	Mine Net Proceeds	4,013,187	1,651,471			4,013,187	1,542,923	-6.57%	(108,548)	4,051,000	1,717,228	3.98%	65,756
2.0	Gross Proceeds	24,540,432	11,627,140			24,540,432	10,872,613	-6.49%	(754,527)	17,663,170	8,631,170	-25.77%	(2,995,970)
3.0	Agricultural Land	142,098,658	68,908,193			126,812,707	59,618,989	-13.48%	(9,289,293)	127,845,740	63,524,462	-7.81%	(5,383,731)
4.0	Commercial Property	285,796,019	175,206,190			289,584,367	157,342,576	-10.20%	(17,863,424)	297,874,772	158,585,485	5.92%	10,379,485
5.0	Residential Property	1,006,798,601	566,619,077			1,331,331,034	642,864,581	13.46%	76,265,504	1,371,141,723	793,805,613	40.10%	227,186,536
6.0	Pollution Control Equipment	35,154,576	16,275,932			35,154,576	15,203,331	-6.59%	(1,072,601)	37,187,622	17,554,447	9.08%	1,478,515
7.0	Non-Centrally Assessed Utilities	1,214,360	734,443			1,214,360	748,190	1.87%	13,747	1,379,921	862,234	17.40%	127,791
8.0	Business Personal Property	163,140,404	84,149,489			163,140,404	79,283,677	-5.78%	(4,865,822)	194,166,268	103,362,142	22.83%	19,212,643
9.0	Non-Electrical Generating Property of Electrical Utilities	263,086,175	129,940,878			263,086,175	123,609,913	-4.87%	(6,330,965)	322,583,244	164,378,648	26.50%	34,438,770
10.0	Foreland	6,815,620	3,241,315			6,899,675	2,948,736	-9.03%	(292,579)	6,949,401	3,418,190	5.46%	176,874
11.0	Railroad and Airline Property	43,567,384	22,475,596			43,567,384	21,229,672	-5.54%	(1,245,914)	44,008,082	23,430,826	4.25%	955,241
12.0	Telecommunications & Electric Property	154,611,156	59,531,164			154,611,156	56,333,384	-5.37%	(3,197,780)	187,429,767	74,269,769	24.79%	14,758,004
13.0	Commercial Wind Generation Facilities	2,943,795	1,175,095			2,943,795	1,163,759	-0.96%	(11,336)	4,913,191	2,019,701	71.88%	844,606
Total		2,137,760,357	1,141,535,793			2,446,899,242	1,172,782,753	2.74%	31,246,460	2,617,193,391	1,442,780,315	26.39%	301,244,522

Growth includes both new property and the inflation growth allowed by 15-10-420, MCA



Current Law					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%



**Balance Sheet of Tax Changes Caused by This Mitigation Proposal (Tax Year 2008 - Existing Properties Fully Phased In)**

Transfer to Class 4 Residential	\$76,265,504
Amount in Circuit Breaker	\$0
Transfer to Class 4 Commercial	-\$17,863,424
Transfer from All Other Classes	-\$27,155,620
<b>Total</b>	<b>\$31,246,460</b>

This balance sheet is calculated using the difference between the taxes paid in FY 2008 and the calculated amounts that existing properties will pay when fully phased in. Circuit breakers are included in the calculation, reducing the transfer to Class 4 residential property.

**Circuit Breaker - 2009**  
**Credit for Tax over 3% of Income, \$1,500 Cap**

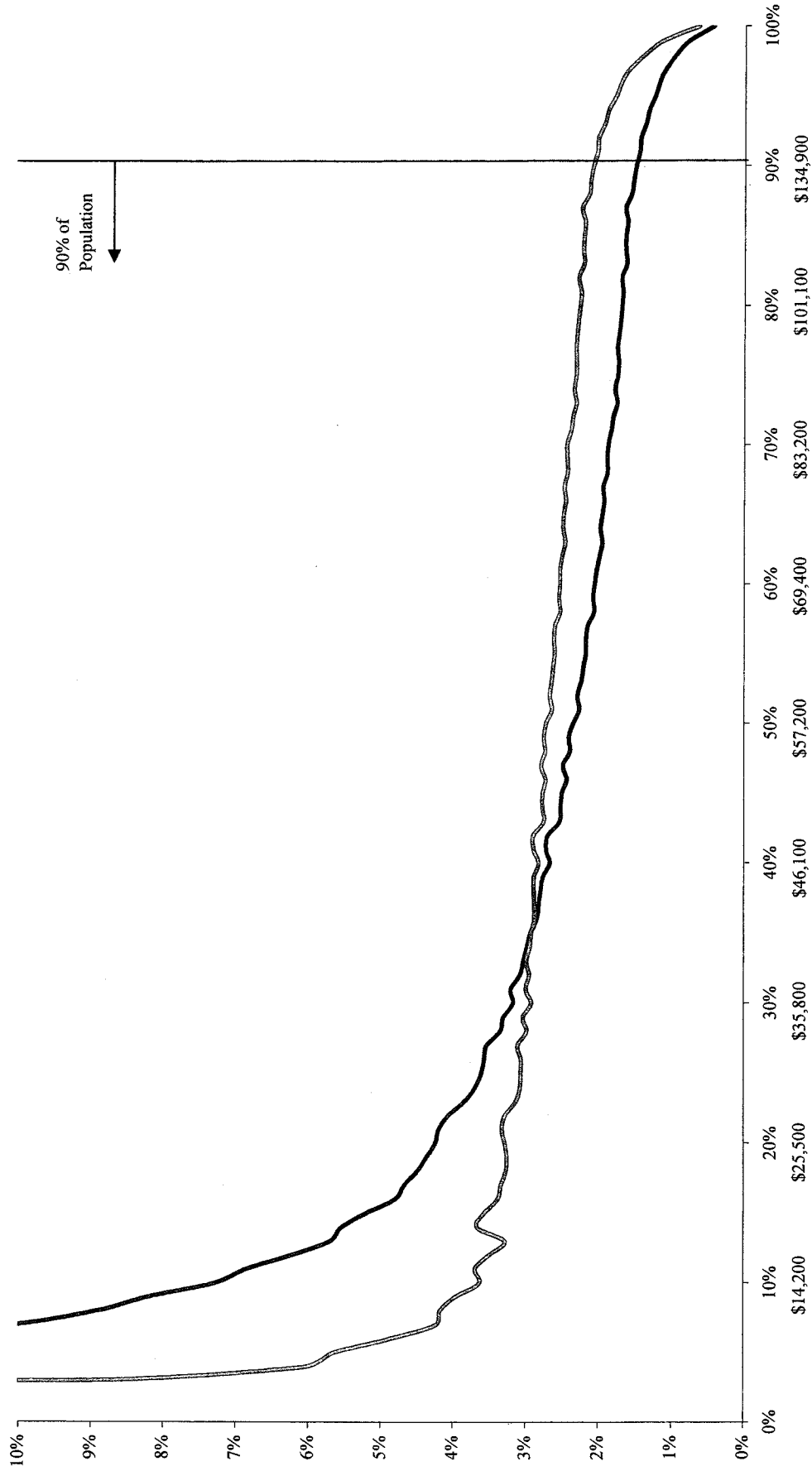
Additional Credit for Low Income and Elderly

Credit for Property Tax More Than This Percent of Income	3%
Maximum Credit	\$1,500
Credit Begins to Phase-Out at This Income	n/a
Credit is Completely Phased-Out at This Income	n/a

	Number	Amount
Credits to Homeowners	127,055	\$120,489,380
Credits to Renters	<u>30,835</u>	<u>\$17,178,787</u>
Total	157,890	\$137,668,167

Additional Mills to Fund Circuit Breaker	?
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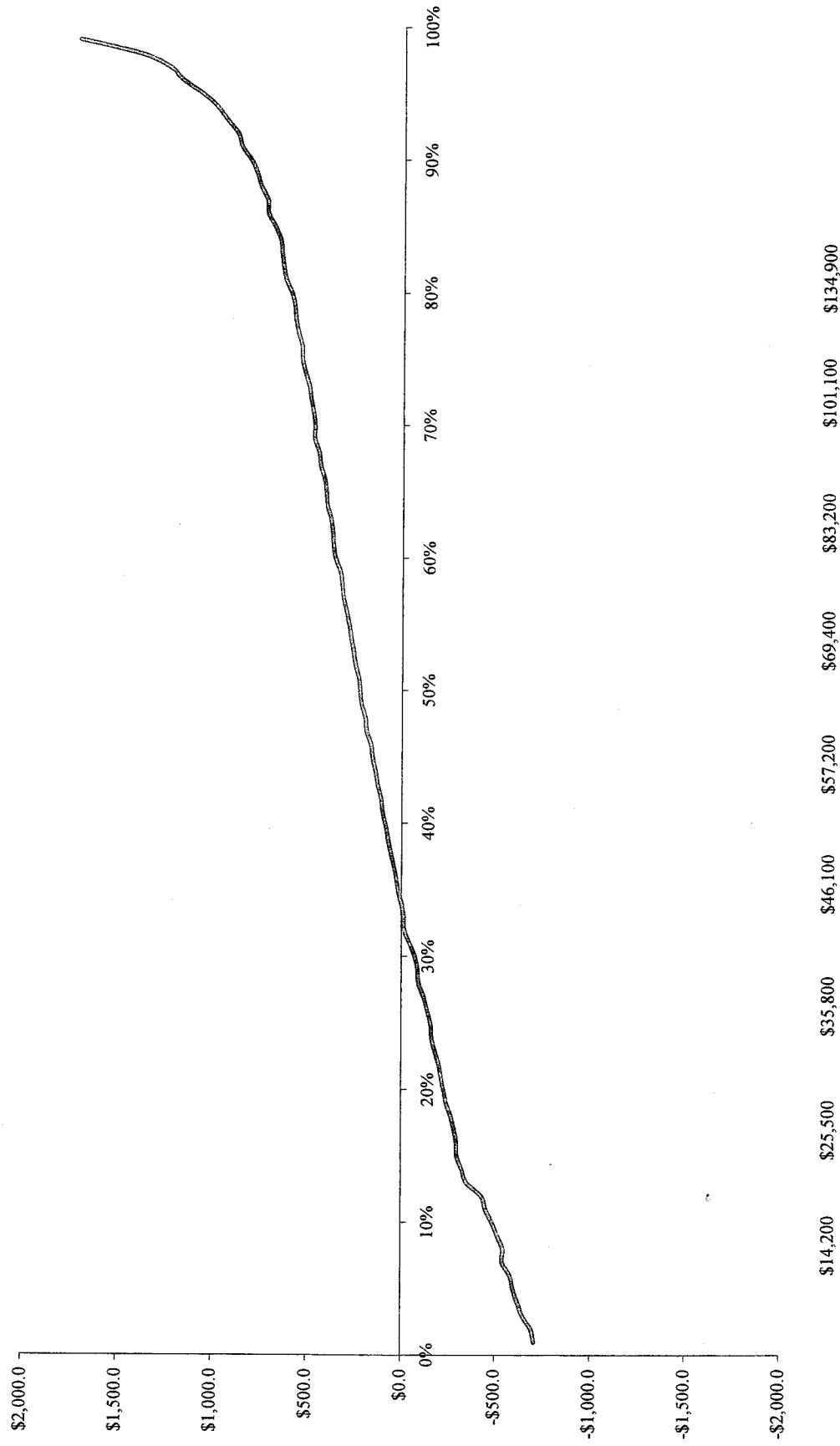
# Average Property Taxes as a Percent of Income Households Who Claimed the \$400 Property Tax Rebate



Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income

— 2008 — Credit for Tax over 3% of Adjusted Gross Income, \$1500 Cap

**Average 2009 Property Taxes, Difference from 2008  
Households Who Claimed the \$400 Property Tax Rebate**



**Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income**

\$14,200	\$25,500	\$35,800	\$46,100	\$57,200	\$69,400	\$83,200	\$101,100	\$134,900
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— Credit for Tax over 3% of Income, \$1,500 Cap

### Committee Bill

Current Law					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
3.01%	3.01%	3.01%	0.35%	34.00%	15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
2.78%	3.00%	3.00%	0.31%	34.00%	22.00%
<b>Assumptions:</b> Homestead Exemption = 34% Homestead with taxable value exemption 22% Comstead					

### Calculation of Tax Liability

1. Market Value = 2008 Market Value + Phase In Amount
2. Market Value x (1 - Homestead) = Taxable Market Value
3. Taxable Market Value x Tax Rate = Taxable Value
4. Taxable Value x Mills / 1000 = Tax Liability

### Example of the TY 2009 Median Value Home

MV Before Reappraisal	\$98,400	
MV After Reappraisal	\$152,000	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
Market Value	\$98,400	\$111,800
Homestead	34.00%	34.00%
Amount Exempt	\$33,456	\$38,012
Taxable Market Value	\$64,944	\$69,508
Tax Rate	3.01%	3.00%
Taxable Value	\$1,955	\$2,085
Average Mills	538.19	538.07
Tax Liability	\$1,052	\$1,122
2009 Income (MAGI)		\$65,140
Percent of Income Paid		1.72%
Credit Amount		\$0

### Example of a TY 2009 Average Value Home

MV Before Reappraisal	\$116,900	
MV After Reappraisal	\$178,920	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
Market Value	\$116,900	\$132,405
Homestead	34.00%	34.00%
Amount Exempt	\$39,746	\$45,018
Taxable Market Value	\$77,154	\$82,319
Tax Rate	3.01%	3.00%
Taxable Value	\$2,322	\$2,470
Average Mills	538.19	538.07
Tax Liability	\$1,250	\$1,329
2009 Income (MAGI)		\$74,759
Percent of Income Paid		1.78%
Credit Amount		\$0

**Example of a TY 2009 Median Value Resort Home**

MV Before Reappraisal	\$150,450	
MV After Reappraisal	\$326,600	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
Market Value	\$150,450	\$194,488
Homestead	34.00%	34.00%
Amount Exempt	\$51,153	\$66,126
Taxable Market Value	\$99,297	\$120,917
Tax Rate	3.01%	3.00%
Taxable Value	\$2,989	\$3,628
Average Mills	538.19	538.07
Tax Liability	\$1,609	\$1,952
2009 Income (MAGI)		\$59,297
Percent of Income Paid		3.29%
Credit Amount		\$0

**Example of a TY 2009 \$500,000 Home**

MV Before Reappraisal	\$300,000	
MV After Reappraisal	\$500,000	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
Market Value	\$300,000	\$350,000
Homestead	34.00%	34.00%
Amount Exempt	\$102,000	\$119,000
Taxable Market Value	\$198,000	\$217,602
Tax Rate	3.01%	3.00%
Taxable Value	\$5,960	\$6,528
Average Mills	538.19	538.07
Tax Liability	\$3,207	\$3,513
2009 Income (MAGI)		\$200,547
Percent of Income Paid		1.75%
Credit Amount		\$0

**Example of a TY 2009 \$1,000,000 Home**

MV Before Reappraisal	\$650,000	
MV After Reappraisal	\$1,000,000	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
Market Value	\$650,000	\$737,500
Homestead	34.00%	34.00%
Amount Exempt	\$221,000	\$250,750
Taxable Market Value	\$429,000	\$459,005
Tax Rate	3.01%	3.00%
Taxable Value	\$12,913	\$13,770
Average Mills	538.19	538.07
Tax Liability	\$6,950	\$7,409
2009 Income (MAGI)		\$477,527
Percent of Income Paid		1.55%
Credit Amount		\$0

**Example of a TY 2009 Business with \$200,000 in Class 4  
and \$100,000 in Class 8**

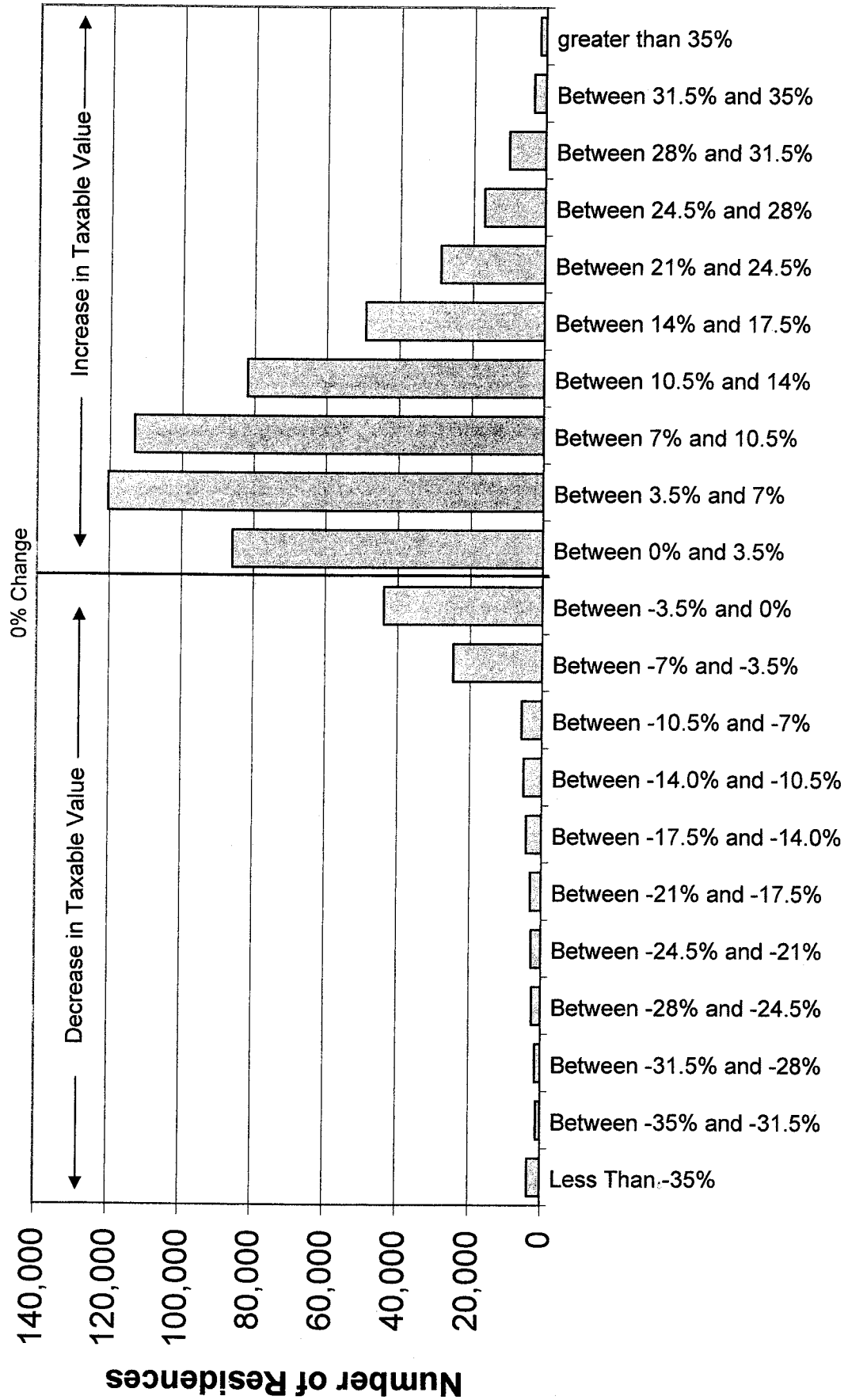
MV Before Reappraisal	\$150,000	
MV After Reappraisal	\$200,000	
MV of Class 8	\$100,000	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
<b>Class 4</b>		
Market Value	\$150,000	\$162,500
Comstead	15.00%	22.00%
Amount Exempt	\$22,500	\$35,750
Taxable Market Value	\$127,500	\$126,750
Tax Rate	3.01%	3.00%
Taxable Value	\$3,838	\$3,803
Average Mills	538.19	538.07
Tax Liability	\$2,065	\$2,046
<b>Class 8</b>		
Market Value	\$100,000	\$100,000
Taxable Value	\$3,000	\$3,000
Mills	538.19	538.07
Tax Liability	\$1,615	\$1,614
<b>Total Tax Liability</b>	<b>\$3,680</b>	<b>\$3,660</b>

**Example of a TY 2009 Business with \$400,000 in Class 4  
and \$100,000 in Class 8**

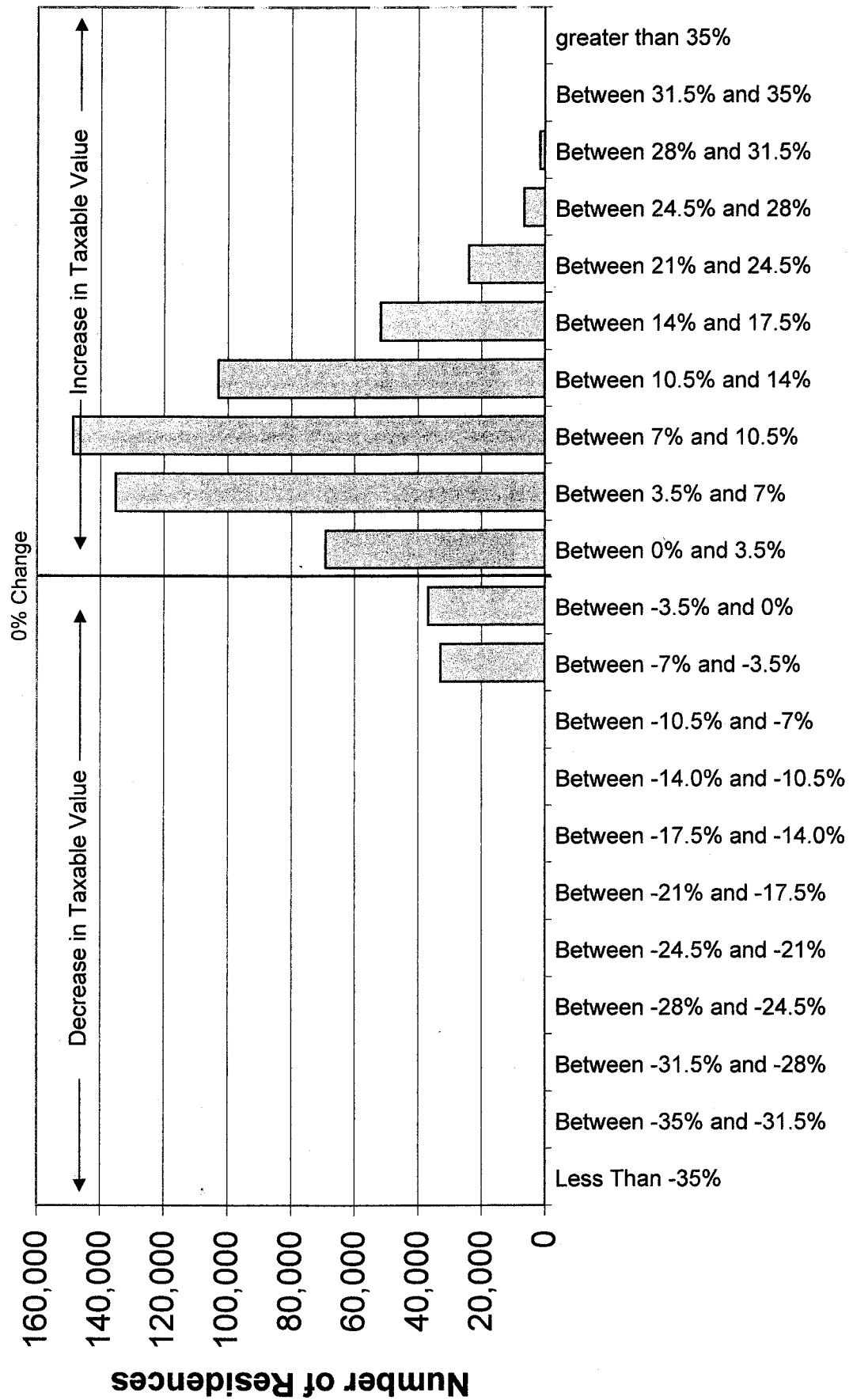
MV Before Reappraisal	\$300,000	
MV After Reappraisal	\$400,000	
MV of Class 8	\$100,000	
<b>Tax Year</b>	<b>2008</b>	<b>2009</b>
<b>Class 4</b>		
Market Value	\$300,000	\$325,000
Comstead	15.00%	22.00%
Amount Exempt	\$45,000	\$71,500
Taxable Market Value	\$255,000	\$253,500
Tax Rate	3.01%	3.00%
Taxable Value	\$7,676	\$7,605
Average Mills	538.19	538.07
Tax Liability	\$4,131	\$4,092
<b>Class 8</b>		
Market Value	\$100,000	\$100,000
Taxable Value	\$3,000	\$3,000
Mills	538.19	538.07
Tax Liability	\$1,615	\$1,614
<b>Total Tax Liability</b>	<b>\$5,745</b>	<b>\$5,706</b>



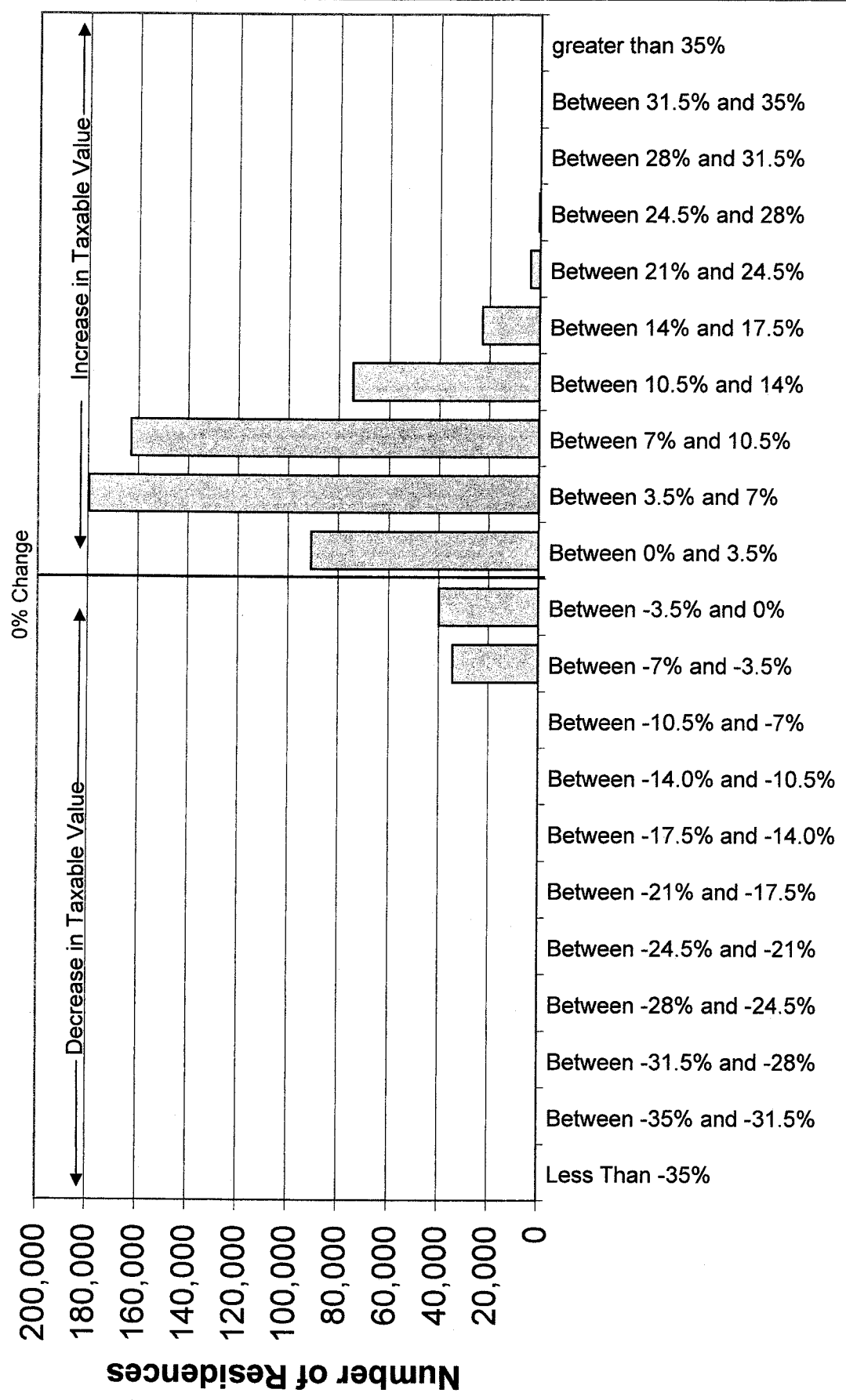
# Percent Change in Taxable Value TY 2008 - TY 2009



# Percent Change in Taxable Value TY 2009 - TY 2010



# Percent Change in Taxable Value TY 2010 - TY 2011



# Percent Change in Taxable Value TY 2011 - TY 2012

